G’day investors!

Welcome to Wilma Wealth Management, I am White Green, your most trusted investment companion!

In tonight's session , here is an overview of the course content:

1. Review of Today's Market Movements and Tomorrow's Market Forecast
2. Analysis of the Fed's Unchanged Rate Cut Pace and the Market Impact of May's Lower-than-Expected Inflation Data
3. Detailed Discussion on Upcoming Operations for PLS

In today's market performance, all three major indices of the ASX showed a general upward trend, mainly influenced by two positive factors. First, the May unemployment rate announced today decreased by 0.1% compared to the previous month, meeting market expectations and providing a boost to the market. Second, market sentiment was significantly lifted by the favorable news of the easing US CPI inflation data reported yesterday.

In the early trading session, driven by the substantial rise in US tech stocks yesterday, the information technology sector also saw significant gains today, becoming the leading sector of the day. Additionally, the interest rate-sensitive real estate and banking sectors also notably pushed the indices higher in the morning, with the S&P 200 rising to 7777.8 points, close to the potential resistance level of 7780 points predicted in our morning review. However, as the banking sector retreated and the resource sector continued to adjust, the market ultimately showed a trend of rising and then pulling back.

On the sector performance, information technology, real estate, and healthcare sectors performed well today, leading the gains. Conversely, the energy and materials sectors were weak, becoming the only sectors to decline in the market.

In today's trading, the S&P 200 successfully stabilized and rebounded near the MA89 moving average, overcoming the resistance of the MA13, MA34, MA55, and MA89 moving averages lost yesterday. Not only did it recover yesterday's losses, but it also formed a "bullish engulfing pattern" on the candlestick chart, which is a strong bullish signal. From a technical perspective, the S&P 200 has the momentum to continue rising tomorrow and may further challenge the resistance of the MA5 moving average.

However, given the close correlation between the Australian stock market and the US market, we must consider tonight's performance of the US market when forecasting tomorrow's market trend. Understanding this is crucial for our market strategy tomorrow, as it will enhance the rationality and effectiveness of our predictions. Therefore, taking all these factors into account, we should remain sensitive to global market dynamics to adjust and optimize our investment strategies more accurately.

In our investment portfolio, while IEL shares have seen a slight decline, there is a noteworthy positive aspect: the stock price continues to stabilize above the MA5 moving average. After successfully reclaiming the MA5 yesterday, the stock quickly rebounded strongly this morning after pulling back to this moving average. Although the price fell back towards the end of the day, it remained stable above the MA5 support, indicating that the MA5 will serve as a strong support level in the short term. From a trend analysis perspective, it is expected that the stock price will continue to rely on the MA5 support to challenge the MA13 resistance level, aiming to fill the previous gap at 15.67 AUD.

Observing the recent market performance of IEL, the stock price shows clear signs of bottoming out and stabilizing. In terms of strategy, we should continue to hold the stock and wait for the price to rise. If the stock price shows a clear upward acceleration trend in the future, we may consider increasing our holdings to enhance our investment returns.

In recent discussions, some participants have expressed concerns about PLS stock, suggesting fundamental issues. However, I want to emphasize that PLS, as a leading stock in the lithium battery industry, does not have deteriorating fundamentals. In fact, the company's P/E ratio performs well within the industry. The recent price drop is mainly due to the overall market environment, similar to the declines seen in leading iron ore stocks BHP and RIO. For high-quality stocks with strong performance support, short-term price fluctuations should not cause panic, as these stocks have the potential for value recovery.

In our session the day before yesterday, I predicted that the stock price might continue to bottom out around 3.4. Some participants questioned why we don't sell now and buy back at a lower price if we expect further declines. I have two responses to this: First, PLS's fundamentals are very strong, and the current price is not a suitable selling point; selling now could cause us to miss subsequent gains. Second, I want to share with the participants that price declines are not always bad. In fact, I hope the price of PLS falls further, because only after sufficient adjustment will the upward momentum be stronger and more sustainable. After today's continued adjustment, I believe the price has reached its bottom. This is similar to needing to crouch down to jump higher; the stock market operates on the same principle.

When analyzing the weekly charts of PLS and its related sector index (BK7504), it is clear that both PLS individual stock and the related sector index, as well as iron ore concept stocks, have all undergone sufficient market adjustment. The room for short-term price decline is limited, reaching a potential support point. This market adjustment has laid the foundation for future price stabilization and rebound, which is why I am recommending that participants continue to increase their holdings in PLS today.

When we observe the sector index stabilizing at key support levels, along with individual stocks showing signs of having completed their adjustments, the likelihood of a strong short-term rebound significantly increases. Based on this market analysis, I have personally increased my holdings in PLS today as well. Given the current market dynamics and technical analysis, I anticipate a high probability of a significant rebound in PLS tomorrow and into the next week.

Yesterday, the US CPI inflation data and the Fed Reserve's rate decision caused significant turbulence in global financial markets. The CPI data indicated a slowdown in inflation, with the CPI rising 3.3% year-over-year and remaining unchanged month-over-month; core CPI increased 3.4% year-over-year and 0.2% month-over-month, slightly below market expectations. This directly led to a substantial drop in the US dollar index and a significant rise in non-US currencies, such as the Australian dollar, which surged 1% against the US dollar within just five minutes. In the precious metals market, gold prices responded by increasing over $20, or 1%, while Bitcoin, seen as an inflation hedge and safe-haven asset, rose by more than $1300, or 2%, within five minutes, further solidifying its position as a mainstream global investment product. However, during the Federal Reserve's rate decision press conference, it was reiterated that there remains a lack of confidence in determining the timing of a rate cut, which triggered a rebound in the US dollar index and a decline in non-US currency assets.

As investors, we need to consider the potential impact of these macroeconomic data on future financial market trends. The influence of the Fed's rate decision and the slowdown in CPI inflation on the financial markets underscores the importance of understanding how these macroeconomic indicators might shape market movements going forward.

Key Points from Yesterday's Fed Reserve Statement and Press Conference:

1. The Fed Reserve announced that it will keep interest rates unchanged. The balance sheet reduction will proceed as planned, orderly continuing through May 2024.

2. The Fed Reserve's view on the US economy remains largely unchanged. In its statement, the Fed noted that the US economy is steadily expanding, job growth remains strong, and the unemployment rate stays low. Inflation has moderated over the past year but remains high. However, unlike in May, the Fed now acknowledges some progress towards achieving its 2% inflation target, whereas in May it noted a lack of further progress.

3. In this meeting, the Fed Reserve raised its forecasts for the 2024 PCE and core PCE, while keeping the GDP growth forecast unchanged. The unemployment rate forecast for 2025 has been revised upwards. The dot plot indicates an expected rate cut to 5.0%-5.25% in 2024, reducing the expected number of rate cuts to about one compared to the March meeting.

4. Jerome Powell's overall stance was neutral. However, from the dot plot and his comments on the May CPI data, it is clear that there is still a lack of confidence in determining the timing of rate cuts. In his speech and during the Q&A session, Federal Reserve Chairman Powell stated that with the current inflation data, the Fed does not yet have sufficient confidence to cut rates. Progress towards achieving the inflation target remains limited, and more data is needed. The US labor market is slightly tight but not overheated, with current wage levels still high. Therefore, the Fed is cautious about the risks of waiting too long versus acting too soon. The current neutral interest rate in the US might be higher than the pre-pandemic level.

How Should We View the May US Inflation Data Falling Short of Expectations and the Unchanged Fed Rate Cut Pace?

I think we can analyze this phenomenon from the following two points:

1. Continued Decline in May CPI, but the Downward Slope Needs Monitoring.Following the inflation decline in April, US inflation once again fell across the board in May and came in below market expectations. This indicates that US inflation might be entering a new downward trajectory. If the current downward momentum in inflation continues smoothly, the probability of the Federal Reserve cutting rates in 2024 will increase. However, the slope of the subsequent decline in inflation needs further observation.

2. The pace of Fed rate cuts has not changed significantly.The Fed's dot plot suggests that officials might lean towards rate cuts in the fourth quarter of 2024. This timing could help avoid the political turbulence of the US presidential election in November and allow for sufficient economic data to make an informed decision.

Many investors in the market believe that September is an optimal window for the Fed to cut rates. However, through a thorough analysis of the current inflation levels and macroeconomic environment, I am inclined to believe that the first rate cut may be delayed until the fourth quarter, and there is even the possibility that there might not be a rate cut in the fourth quarter. Additionally, considering the Fed's meeting schedule, the July Federal Open Market Committee (FOMC) meeting is likely to provide limited incremental information, while the Jackson Hole Symposium in August and the September FOMC meeting will be critical points for us to pay special attention to.

Therefore, in the short term, we need to be prepared for the possibility that the Fed might not cut rates. This expectation poses challenges for both the US stock market and global markets. In such an environment, continuous financial learning and market observation become particularly important. As investors, we should constantly expand our financial horizons and develop a strategic vision with a global perspective.

When the profitability of the stock market weakens, it requires us to have the ability to identify investment opportunities in broader markets to mitigate potential risks in a single market. For instance, we can consider increasing investments in fixed-income products, physical assets, or emerging markets such as cryptocurrencies, which often provide more substantial returns when global stock markets face downward pressure.

Furthermore, it is equally important to understand and utilize various financial tools and strategies to protect investments from market volatility. For example, options strategies, hedging strategies, and diversified investments are effective means of managing investment risks and optimizing asset allocation.

In conclusion, in today's world where the global economy and financial markets are full of uncertainties, we as investors should approach the market with caution and use every learning and practical opportunity to enhance our market response capabilities and investment wisdom. This is not only necessary for protecting assets but also an opportunity to achieve asset growth.

As we delved deeply into the knowledge of the cryptocurrency market last week, you now not only have a profound understanding of the stock market but also have opened up another potential investment channel. When the stock market environment may be unfavorable, the cryptocurrency market can sometimes offer more attractive investment opportunities. The characteristics of the cryptocurrency market allow investors to trade in the form of contracts, and whether the market trend is upward or downward, as long as your trading direction is correct, you can achieve good investment returns.

Many members of our grop are actively investing in the cryptocurrency market. I encourage those who are already active in the cryptocurrency market to share your trading experiences, the coins you have chosen, and the strategies you want to implement today. I will share my market observations and analyses with you, hoping to provide valuable insights.

In future courses, besides continuing to delve into the stock and cryptocurrency markets, we will also expand into the forex and commodities markets. This is to ensure that every member of our community becomes an investor with a global strategic mindset. The global financial market is complex and ever-changing. Through continuous learning and practice, we can better understand and respond to these market changes, thereby optimizing our investment strategies and improving investment efficiency.

Due to time constraints, today's course discussion will conclude here. I sincerely thank each participant for your enthusiastic participation!

Before we end tonight's session, I would like to leave you with two thought-provoking questions to help you further digest and understand the topics discussed today:

1. Considering the current economic and financial market conditions, do you think the Federal Reserve will cut interest rates in September?

2. In the cryptocurrency market, is it possible to short-sell Bitcoin?

I wish everyone a peaceful and wonderful evening. Tomorrow, we will continue our in-depth discussions and exchanges. Good night, and I look forward to seeing you again tomorrow!